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George M. Halow

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EXAMINER

PORTER, RACHEL L

ART UNIT

PAPER NUMBER

3626

NOTIFICATION DATE

DELIVERY MODE

03/31/2011

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

IPDOCKETING@STRASBURGER.COM

<b>Office Action Summary</b>	<b>Application No.</b> 10/042,236	<b>Applicant(s)</b> HALOW ET AL.	
	<b>Examiner</b> RACHEL L. PORTER	<b>Art Unit</b> 3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 11 August 2010.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 28-34 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 28-34 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 11 August 2010 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |   |   |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)         | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)         | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____   | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

1. This communication is in response to the amendment filed 8/11/10. Claims 28-34 are pending. Claims 1-28 have been cancelled.

#### ***Continued Examination Under 37 CFR 1.114***

2. A request for continued examination under 37 CFR 1.114 was filed in this application after a decision by the Board of Patent Appeals and Interferences, but before the filing of a Notice of Appeal to the Court of Appeals for the Federal Circuit or the commencement of a civil action. Since this application is eligible for continued examination under 37 CFR 1.114 and the fee set forth in 37 CFR 1.17(e) has been timely paid, the appeal has been withdrawn pursuant to 37 CFR 1.114 and prosecution in this application has been reopened pursuant to 37 CFR 1.114. Applicant's submission filed on 8/11/10 has been entered.

#### ***Specification***

3. The amendment filed 8/11/10 is objected to under 35 U.S.C. 132(a) because it introduces new matter into the disclosure. 35 U.S.C. 132(a) states that no amendment shall introduce new matter into the disclosure of the invention. The added material which is not supported by the original disclosure is as follows:

The specification submitted 8/11/2010 has been substantially amended, and examiner respectfully requests that the Applicant cancel the newly added material throughout the substitute specification.

In particular the new specification and substitute drawings are replete with new terminology and added text. (See par. 2-5, 11-18, 20, 23-36, Figures 1-2) Figure 1 adds box 17, and changes the terminology of the box 14. Figure 2 changes the terminology of steps 34, 44, and 54 based upon amended specification language.

Other specific examples include but are not limited to:

- Par 11: "...which is directed to a system and method of endeavoring to eliminate, or at least limit, medical billing fraud due to improper or deceptive medical claims procedures being submitted to various private or public medical insurance companies for collection by various health care providers... Although the present invention was designed as a system and method for processing medical claims generated by physical therapists..." (amended/added text; new terminology)
- Par 12: "...as well as specifying the individual health care provider conducting such a procedure, would be entered in a computer system at the medical treatment facility where the health care provider provides medical treatment..." (amended/added text; new terminology)
- Par 012.2: "assure that a certain medical treatment procedure was consistent with a predetermined diagnostic code or treatment plan based upon entered procedure codes and diagnostic codes..." (amended/added text; new terminology--e.g. pre-determined...)
- Pars. 16: "assuring that a proper medical claim is made with regard to a particular treatment procedure associated with a predetermined diagnostic code or a predetermined treatment code." (amended/added text; new terminology)

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- Par. 23: “A computer system 13 located at a clearing house 12 is established to process medical claims generated by a number of health care providers 14 directed to a number of private and public medical insurance companies 16...”(amended/added text; new terminology—reference number “16” was a reference to insurance entities as a whole, with ref. no. 18 referring to private insurance companies)
- Par. 27-27.1- “this is the case, a pre-authorization or pre-treatment approval code would be transmitted from the computer systems 17 at the medical insurance entities companies 16 to the computer system 13 at the clearing house 12, as well as to the computer system 15 at the medical facility where the health care provider 14 provides medical treatment.” (amended/added text; new terminology—no support for computer or computer system at the insurance entities)

Applicant is required to cancel the new matter in the reply to this Office Action.

### ***Claim Rejections - 35 USC § 112***

4. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

5. Claims 28-34 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to

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one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

6. Claim 28 recites “one or more computers located at one or more medical insurance companies.” The examiner was unable to find support for a computer or computer system at the insurance entities/ insurance companies in the originally filed disclosure. As such, there can be no communication among other system components (e.g. said clearing house computer being capable of communicating with said one or more medical insurance company computers;

Claims 29-34 inherit the deficiencies of claims 28 through dependency, and are therefore also rejected.

### ***Claim Rejections - 35 USC § 102***

7. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

8. Claims 28, 31, and 34 are rejected under 35 U.S.C. 102(e) as being anticipated by Peterson et al (US 6343271 B1)

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[Claim 28] Peterson discloses a system to prevent medical billing fraud in costs submitted to medical insurance companies for payment for treatment provided by a health care provider at a medical facility, said system comprising:

- a computer located at the medical facility where treatment is provided by the health care provider; (Figure 10, (ref. 230))
- a computer located at a clearing house; (Figures 9- 10; col. 16, lines 15-20)
- one or more computers located at one or more medical insurance companies; (Figures 1-2 ,)
- said medical facility computer being capable of receiving information including one or more of the following item (Fig. 2):
  - one or more predetermined treatment codes for the treatment provided by the health care provider; one or more diagnostic codes; one or more health care provider codes; one or more health care provider license numbers; billing information including one or more of the following items: the health care provider providing the treatment; the time of the treatment; the treatment provided: said medical facility computer including software for checking if the information received has been entered correctly; (Figure 2; col. 8 lines 16-25 health care provider optionally is allowed to download a diagnosis, treatment, or claim form that is already partially prepared with the patient's personal, medical, and/or benefits information; see also: Col. 9, lines 1-33: The procedure according to this embodiment begins as an employee in doctor's office 44 requests and receives a claim form from the claims processing

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system according to the methods that have been described herein. Once the claim form has been received, the health care provider at the doctor's office 44 provides treatment to a patient 46. The diagnosis and treatment are encoded onto the claim form as the claim is prepared for submission. )

- said medical facility computer further including means for communicating with said clearing house computer; (Figure 4; col. 9, lines 45-60)
- said clearing house computer being capable of communicating with said medical facility computer; (Figure. 4)
- said clearing house computer being capable of communicating with said one or more medical insurance company computers; (col. 10; lines 16-35)
- said clearing house computer further including a data base of both diagnostic and treatment codes (col. 11, line 66 - col. 12, line 4--i.e. claim is compared against a database or another system to determine if diagnosis and treatment are consistent) and software for determining if medical billing fraud conditions exist, such medical billing fraud conditions including one or more of the following:
  - a single treatment provided by multiple health care providers; multiple similar treatments provided by one or more health care providers; treatment provided which is inconsistent with a predetermined diagnostic code; treatment provided which is inconsistent with one or more predetermined treatment codes; provision of mutually exclusive treatment procedures; multiple procedures provided by a health care provider in a single period of time; (col. 11, line 66 - col. 12, line 4--i.e. claim is



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compared against a database or another system to determine if diagnosis and treatment are consistent)

- said clearing house computer being capable of blocking payments for treatment provided by a health care provider by the insurance company when one or more of said medical billing fraud conditions is found; (col. 12, lines 8-33: Depending on the problem identified by the additional checks in steps 84, 86, and 88, the doctor may be informed either that the proposed claim will be subject to manual adjudication or that it is likely to be denied.—payment is blocked until the claim is revised or can pass the fraud check)
- said clearing house computer being capable of notifying said one or more medical insurance company computers that no medical billing fraud condition were found and notifying the medical facility computer that payment can be expected for treatment provided.( i.e. a claim that has been automatically adjudicated and approved is submitted to a payment system.)(col. 9, line 62 - col. 10, line 6 funds in an amount equal to payment are transferred from pool to a clearinghouse bank after which funds are transferred to the doctor's account; col. 12, lines 35-49---auto adjudication continues through with no fraudulent conditions are tripped, payment is issued or EOB is provided,)

[Claim 31] Peterson discloses the system as defined in Claim 28 wherein a portion of the input provided to medical facility computer is provided from the office management software at the medical facility. (col. 9, lines 17-30)

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[Claim 34] The system as defined in Claim 28 wherein said computer located at the medical facility where treatment is provided by the health care provider also includes said software to determine if medical billing fraud conditions exist.

***Claim Rejections - 35 USC § 103***

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

10. Claims 29 and 32 are rejected under 35 U.S.C. 103(a) as being unpatentable over Peterson in view of Official Notice.

[Claim 29] Peterson discloses a system as wherein pre-authorization or pre-treatment codes are provided by said one or more medical insurance company computers to said clearing computer and to said medical facility computer (col. 14, lines 50-56-- a health care provider at doctor's office 44 may request and receive benefits information from central system 140 in preparation for diagnosing and treating patient 46. The health care provider may learn, for example, that preauthorization is required prior to treatment.).

Peterson does not expressly disclose where payment for treatment provided by the health care provider without the receipt of a pre- authorization or pre-treatment code will be blocked by said clearing house computer. However, it is well-known in the art for

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third -party payers to delay or block payment to health care providers, if a procedure that requires prior authorization is performed without that authorization.

At the time of the applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the system of Peterson to block payment for procedures for which required prior authorization was not received/approved. One would have been motivated to include this feature to prevent abuses by patients and healthcare professionals, and ensure that only necessary procedures are performed.

[Claim 32] Peterson discloses the system as defined in Claim 28 wherein a portion of the input provided to the medical facility computer is provided by an input device (col. 9, lines 17-21), but does not expressly disclose that one of more of a card swipe reader, a wand reader, a bar code reader, and a keyboard are used. However, keyboards, barcode scanners, and card swipers are old and well known type of input devices. At the time of the applicant's invention, it would have been obvious to use at least one of these well known types of input devices to enter data into a computer system disclosed by Peterson. One would have been motivated to include this feature to facilitate the data entry process and expedite claims adjudication.

11. Claim 30 is rejected under 35 U.S.C. 103(a) as being unpatentable over Peterson in view of Forman (US 6826536B1)

[Claim 30] Peterson discloses the system as defined in Claim 28, but does not expressly disclose including the ability to provide reports of the activities of the health

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care providers, the items identified by the clearinghouse computer containing a medical billing fraud condition, and the money paid to the health care provider for treatments provided.

Forman discloses a healthcare billing monitoring system which includes the ability to provide reports of the activities of the health care providers, (Abstract, col. 12, lines 20-37)) the items identified by the clearinghouse computer containing a medical billing fraud condition, (col. 13, lines 19-28) and the money paid to the health care provider for treatments provided. (col. 13, lines 29-40)

At the time of the Applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the system of the Peterson with the teaching of Forman to develop reports and track the behaviors of healthcare providers. One would have been motivated to include these features to enable one to identify rapidly and accurately the abuse patterns specific to areas of medical specialty practice provider billing. (col. 6, lines 6-10)

12. Claim 33 is rejected under 35 U.S.C. 103(a) as being unpatentable over Peterson in view of Little et al (US. 5,359,509 -hereinafter Little).

[Claim 33] Peterson discloses the system as defined in Claim 28, as explained in the rejection of claim 28, but does not expressly disclose a system wherein payment to the health care provider may be blocked for all treatment provided during a period of time when the medical fraud condition of multiple procedures being provided by a health care provider in a single period of time is found.

However, Little discloses a system wherein the software determines the appropriateness of each of the claims based upon whether one of the practitioners has submitted more than one disparate treatment claim for a single treatment period of time on a single day (col. 7, lines 10-26) (i.e. Examiner interprets this to mean wherein payment to the health care provider may be blocked for all treatment provided during a period of time when the medical fraud condition of multiple procedures being provided by a health care provider in a single period of time is found.) At the time of Applicant's invention, it would have been obvious to one of ordinary skill in the art modify the system of Peterson with the teaching of Little to include software to determine the appropriateness of each of the claims based upon whether one of the practitioners has submitted more than one treatment claim for a single treatment period of time on a single day and block payment if this flag is raised a condition of fraud. One would have been motivated to include this feature prevent abuses by patients and healthcare professionals, thereby lowering the costs of health care.

### ***Response to Arguments***

13. Applicant's arguments with respect to claims 28-34 have been considered but are moot in view of the new ground(s) of rejection.

***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to RACHEL L. PORTER whose telephone number is (571)272-6775. The examiner can normally be reached on M-F, 10-6:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Robert Morgan can be reached on (571) 272-6773. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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